

## BRECKLAND DISTRICT COUNCIL

**Report of:** Chairman of the Breckland Bridge Ltd Joint Venture Monitoring Board

**To:** Cabinet 15 March 2016

**(Author:** Ralph Burton, Strategic Property Manager)

**Subject:** Breckland Bridge Ltd business plan for 2015-20

**Purpose:** To re-approve the updated Breckland Bridge Ltd initial business plan 2015-2020

### **Recommendations**

Option 1 – To re-approve the updated Breckland Bridge Ltd initial business plan 2015-20.

**Pre-reading:** Before reading this report Members are referred to the Council report regarding the creation of a regeneration and property development joint venture (now known as Breckland Bridge Ltd) that was presented to Council on 26 March 2015.

### **1.0 BACKGROUND**

- 1.1 Breckland Council became a shareholder in Breckland Bridge Ltd in April 2015 and at the same time became a party to a Shareholders Agreement which (along with the Company's Articles) governs Breckland Bridge Ltd. On 26 March 2015 Council approved the creation of the partnership and associated shareholdings. Council also approved the initial business plan of the partnership which covered the period 2015 to 2020. Bridge has now updated the initial business plan to coincide with the end of the first year of activity of the partnership. Full Council approved the business plan in 2015 as part of the wider proposal and particularly in light of the need for Council approval of the budget. The proposed changes to the Business Plan are currently within budget and are therefore considered to be an executive function.
- 1.2 The business plan is commercially sensitive due to the financial information relating to private sector organisations involved in the partnership such as contractors and suppliers. Therefore the full business plan has not been supplied with this report; however a hard copy is available in Democratic Services available for any member to read in the office. This report and its appendices do however highlight the main points members need to note.
- 1.5 **Updated Breckland Bridge Ltd Business Plan 2015-20:** The business plan is forward looking and largely remains the same. It still contains the original three projects which the company is set to deliver and there is some new activity that is being undertaken to support the development of a pipeline of projects for the future.
- 1.6 The main challenge in reporting financial performance is timing. The partnership is still in its early stages having only been operational for 1 year out of 5. Council approved the original business plan on the basis of forecast financial returns and delivery of housing and regeneration. Financial returns are impacted by for example by the timing and value of lettings at Riverside and the sale values achieved for completed projects (Mileham and Attleborough) The financial returns are also impacted by the additional cost of pipeline project activity because the potential income is not yet known. Pipeline activity would be undertaken by the Council in any event to support its long term asset management strategy. In summary, the financial model is flexing as we move through the end of the first year and into the second year of the business plan as would be expected due to the issues described

above. At this stage the returns are the best forecast and it would not be appropriate to amend the budget.

- 1.7 Appendix A attached is a review of the updated business plan including a financial commentary. Appendix B is the current risk log.

## **2.0 OPTIONS**

### **2.1 Option 1**

To re-approve the updated Breckland Bridge Ltd initial business plan 2015-20.

## **3.0 REASONS FOR RECOMMENDATIONS**

- 3.1 The Council has contractually committed to the delivery of the Mileham and Riverside projects and the intention is to commit to the third project (Chapel Road, Attleborough) as previously agreed in March 2015 when Council approved entering into the joint venture and therefore the shareholder agreement.
- 3.2 Performance from the first three projects is as expected at this time and the forecast is that activity to enable completion of these projects will occur within the first 5 year period as planned.
- 3.3 Subject to the risks identified which continue to be monitored the overall return to the Council is still positive in terms of regeneration and financial outturn.
- 3.4 The increased activity that the partnership is undertaking to prepare sites for the development in the future is currently at cost and the business plan does not reflect the income of the opportunity to be gained from that additional activity, i.e. the value created in obtaining a planning allocation on a site. However this activity would have been undertaken anyway at cost to the Council and by doing this activity through Breckland Bridge enables the Council to utilise the skills and expertise already procured.
- 3.5 The intention of the partnership is to extend it beyond the initial business plan period and the updated business plan presented for approval is building the platform for that extension by preparing sites for a development pipeline. Therefore there is still potential for more delivery and growth in the future and the partnership is working well for the Council. This opportunity is not reflected in the updated business plan because outputs are limited to the three projects.

## **4.0 EXPECTED BENEFITS**

- 4.1 The Council is obtaining development and delivery capacity and expertise and skills to deliver complex projects on time and budget in the context of current low land values in the district and at the same time intending to generate a financial surplus. In further summary the proposal:
- 4.2 The benefits from re-approving the updated business plan are:
- 11 houses are now being constructed at Mileham.
  - A leisure scheme to initiate regeneration of the town centre in Thetford is now being constructed.
  - 12 houses are planned for delivery at Chapel Road, Attleborough.
  - Creates positive financial return in the business plan period.
  - Gets three schemes delivered concurrently.
  - Creates the capacity to deliver construction schemes.

- Provides the skills and experience to deliver construction schemes and review assets.
- Obtains additional activity to prepare sites to support a longer term strategy (pipeline) of development activity should the partnership be extended to facilitate growth and future value creation.
- Obtains additional activity to review the use of the Council's town centre assets to help assist with town centre regeneration planning and future activity to facilitate growth and future value creation.
- Gains regeneration outputs and economic benefits from housing and commercial schemes.

## **5.0 IMPLICATIONS**

### **5.1 Carbon Footprint/Environmental Issues**

5.1.1 These have been considered and in the opinion of the author there are no direct implications as a result of the report.

### **5.2 Constitution & Legal**

5.2.1 The Local Government Act 2000 and associated Regulations set out what may and may not be an executive function. The default position is that, unless specifically identified as being non-executive, all functions are executive functions (and may therefore be determined by the Leader, the Cabinet or a portfolio holder/officer with delegated executive powers).

5.2.2 Approval of the Business Plan is a 'reserved matter' in the company's constitution – in other words, approval of it is reserved to the Council as shareholder. In this particular case, as an executive function, approval is required from the Cabinet. Full Council approval would only be required if changes to the Business Plan were outside of the policy framework or budget.

### **5.3 Contracts**

5.3.1 The Shareholders Agreement is in existence which binds the Council legally into the partnership. There are no proposed changes to that contractual agreement being proposed.

### **5.4 Corporate Priorities**

5.4.1 This approach underpins the following corporate priorities:  
 'Supporting Breckland to develop and thrive'  
 'Providing the right services, in the right way, at the right time'  
 'Developing the local economy to be vibrant with continued growth'

### **5.5 Crime and Disorder**

5.5.1 In the opinion of the report author having considered the issue of crime and disorder there are no implications.

### **5.6 Equality and Diversity/Human rights**

5.6.1 In the opinion of the report author having considered the issue of equality and diversity / human rights, there are no implications pursuant to the Council's duties under section 149 of the Equality Act 2010.

## **5.7 Financial**

- 5.7.1 Appendix A includes a financial commentary at section 2 resulting from approving option 1 in this report.

## **5.8 Health & Wellbeing**

- 5.8.1 In the opinion of the report author having considered the issue of health and wellbeing there are no implications.

## **5.9 Risk Management**

- 5.9.1 Please see Appendix A and B.

## **5.10 Staffing**

- 5.10.1 At this stage there are no implications for staffing other than the one staff member who is the Officer Director on behalf of the Council.

## **5.11 Stakeholders / Consultation / Timescales**

- 5.11.1 All planning applications for specific projects within the business plan will be subject to the usual separate consultation procedures.

## **6.0 WARDS/COMMUNITIES AFFECTED**

All

## **7.0 ACRONYMS**

LABV – Local Asset Backed Vehicle

LLP – Limited Liability Partnership

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### **Background papers:**

1. Council Report titled – Creation of a regeneration and property development joint venture (dated 26 March 2015).
  2. A hard copy of the full Breckland Bridge Ltd initial business plan 2015-20 as updated is available to read in hard copy in Committee Services at Elizabeth House for any member to review.
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### **Director / Officer who will be attending the Meeting**

Name and Post: Ralph Burton, Strategic Property Manager

**Key Decision:** No

**Exempt Decision:** No

**This report refers to a Discretionary Service**

**Appendices attached to this report:**

**The appendices contain exempt information and therefore excluded to the press and public:**

Appendix A	Analysis of the updated business plan
Appendix B	Risk Log

